

1 A Right.

2 Q Ripple Connect is very, very early  
3 stage RippleNet. And you are not sure at what  
4 point in time that was being worked on?

5 A Right. This is at the time -- this  
6 is right around the time where we thought we  
7 found a revenue model, which was the RippleNet  
8 strategy.

9 Q Was that the only revenue model that  
10 the company had?

11 A As this document says, we also  
12 considered the possibility that we might be  
13 able to monetize the XRP that we hold. But we  
14 didn't consider that revenue model as either  
15 demonstrated or reliable or, you know. So  
16 we -- we pivoted. We essentially pivoted away  
17 from a strategy that was exclusively focused  
18 on the use of the XRP Ledger to one that had  
19 the RippleNet component.

20 Q Why do you say that it wasn't  
21 demonstrated or reliable to say that you could  
22 make money from XRP at this time? We just  
23 looked at posts from 2013 where you are saying  
24 we are going to use XRP to fund the company.  
25 Don't worry we are not going to fail.

1           A     The company grew significantly since  
2     then. So just being able to pay the employees  
3     that we had in 2013 or just being able to, you  
4     know, maintain a co-working space that people  
5     could work in, we were trying to build the  
6     payment network. We were trying -- we had  
7     much larger ambitions at this time. Like the  
8     scope of what we were attempting to accomplish  
9     had changed drastically.

10           MR. CERESNEY: And I do think -- and  
11     maybe we should this at the lunch break. But  
12     we should have the price chart, because I  
13     think it will help him situate in time.

14           MS. WAXMAN: I have a document that  
15     will show the price. I don't think it's  
16     relevant. But if you want me to introduce it,  
17     I will.

18           THE WITNESS: Well, the reason is  
19     that like if I knew what the price of the XRP  
20     was at that time, that would help me  
21     reconstruct what we would have been thinking.  
22     If you're asking me like what the company's  
23     strategy was around XRP, that was largely  
24     driven by the price. We were very reactive  
25     to -- the strategy was driven by the price.

1 So if I knew the price, I could reconstruct  
2 what we would have been thinking about the  
3 strategy based on that.

4 MS. WAXMAN: Okay. So let's mark  
5 this.

6 (SEC Exhibit No. 74 was  
7 marked for  
8 identification.)

9 Q I'm showing you what's been marked a  
10 Exhibit 74, which is an Excel spreadsheet that  
11 the staff created using information that you  
12 provided about your XRP sales.

13 So the spreadsheet has several  
14 columns. We added the columns with the title  
15 "Price" and the column with the -- column with  
16 the title "Total." And the prices were either  
17 taken from the platform where the transaction  
18 was executed and -- or in certain instances,  
19 it's indicated that the price was taken from  
20 coinmarketcap.com.

21 (The witness examined the document.)

22 Q So the price in October 2014,  
23 sub-pennies.

24 A Yeah. Yeah. So I -- I think at  
25 that time, it would have been clear that

1     Ripple could sustain a small operation; keep  
2     the lights on, pay a small number of  
3     employees. But not build an enterprise payment  
4     network.

5           Q     Is it fair to say nobody expected  
6     the company to raise over a billion dollars  
7     from sales of XRP in November of 2014?

8           A     Did people -- yeah, that would have  
9     been incredibly fanciful and fantastic.

10          Q     But that's not to say, like you  
11     said, there was some value to extract from XRP  
12     and it could keep the lights on, it could pay  
13     some operations?

14          A     That's correct. It would ensure,  
15     assuming nothing terrible happened, that  
16     Ripple would not go away.

17          Q     Again, in the paragraph at the end  
18     of the page, it says, "Ripple Labs plans to  
19     retain twenty-five percent of all XRP issued  
20     to fund operations, and hopefully turn a  
21     profit. And distribute the rest to inset the  
22     participation of market makers, gateways and  
23     consumers to utilize the protocol. Given that  
24     there is finite number of XRP, as demand for  
25     XRP grows, the value of XRP should



1 appreciate."

2 Are they talking about price  
3 appreciation?

4 A I didn't write this and I can't  
5 speak to what someone else would have meant.

6 Q What's your understanding from  
7 the -- of the document?

8 A I read it as referring to price.

9 Q Then the next sentence says, "In  
10 this manner, Ripple Labs believes that its  
11 incentives are aligned with those of the  
12 protocol's users, both want the protocol to  
13 reach its full potential and scale."

14 Do you understand that to mean both  
15 want the price of the XRP to increase?

16 A I don't understand that statement to  
17 mean that.

18 Q What do you understand the statement  
19 to mean?

20 A I understand that statement to mean  
21 that Ripple Labs is aligned with other XRP  
22 holders and other users of the XRP Ledger in  
23 wanting the XRP Ledger to be healthy,  
24 functional, useful and so on.

25 Q It could also mean that they want

1 the price to increase as well?

2 MR. CERESNEY: Could -- what's -- he  
3 said what he thought it meant. I mean --

4 Q Could it also mean that --

5 A It could.

6 Q -- that -- could it also mean that  
7 they wanted the price increased?

8 A It could.

9 MR. CERESNEY: Are you speculating?

10 THE WITNESS: I stated what I  
11 thought it meant.

12 Q Did Ripple Labs ever discuss  
13 charging for use of the protocol?

14 A For use of the XRP Ledger?

15 Q Yeah.

16 A I had -- I have heard people  
17 occasionally discuss it, but no discussions of  
18 that would have ever gone anywhere.

19 Q Why not?

20 A Anyone who understands -- so you  
21 have to understand that like the idea of a  
22 public ledger was novel at the time and some  
23 people didn't really understand the concept.  
24 There were definitely some people within the  
25 company who sometimes thought "Well, we could

1 charge people for using the XRP Ledger or we  
2 could control it in some way."

3 And those ideas are all nonstarters.  
4 They were never possible. But there were  
5 times where people who didn't understand that,  
6 did advance those types of ideas. They never  
7 went -- obviously they never went anywhere  
8 because those types of things are not  
9 possible.

10 Q So I know -- correct me if I'm  
11 wrong, I understand in 2014 there's two  
12 buckets of revenue for Ripple. There's  
13 software sales, product development and  
14 monetizing the XRP and creating value for the  
15 XRP.

16 A You can divide it into buckets that  
17 way, sure.

18 Q How would you describe it?

19 A I think -- I think it's fair to say  
20 that the company, at times, would talk about  
21 like XRP revenue and non-XRP revenue.

22 Q And what is the XRP revenue?

23 A XRP revenue would be revenue from  
24 the sales of XRP or indirectly from  
25 partnership agreements or something that we

1 would consider as equivalent to revenue.

2 Q And non-XRP revenue?

3 A Would be revenue from things like  
4 software sales, licensing agreements and so  
5 on.

6 MR. CERESNEY: These were ideas at  
7 the time?

8 THE WITNESS: At -- at this time, in  
9 November of 2014, I don't know when the  
10 company began programmatic sales of XRP. I  
11 knew. I don't recall. So I don't know what  
12 state those were in at that time.

13 Q Did the company also sell XRP over  
14 the counter?

15 A I don't know at that time. I know  
16 certainly subsequent to that, we did. I don't  
17 know for sure when that began.

18 Q We have records of the XRP sales and  
19 I'll represent that they date to prior to this  
20 memo.

21 MR. CERESNEY: But in small  
22 quantities? A small amount of revenue?

23 MS. WAXMAN: We can look at the  
24 amounts, but yes. But they did exist. There  
25 were sales.

1 MR. CERESNEY: But all I'm trying to  
2 establish is he's talking about models, not  
3 actual execution of those models at the time.

4 Q In 2014, was the company in its very  
5 early stages?

6 A Yeah, I think that's a fair  
7 statement.

8 Q Did it have any -- where you spoke  
9 earlier, it didn't have any revenues other  
10 than sales of XRP?

11 A There may have been minimum -- I  
12 think there probably were not any other  
13 revenues at that time. Subsequent to that,  
14 there were other revenue. But I think at that  
15 time, the only revenue source that we actually  
16 materialized revenue from was, other than  
17 investment, was the sales of XRP at that time.

18 Q Can you turn to page forty-five.  
19 There's a paragraph with the subheading "The  
20 Role of XRP." In the middle of the paragraph  
21 it says, "Over time, if the Ripple protocol  
22 becomes widely adopted, demand for XRP may  
23 increase leading to an increase in price.  
24 Unlike information protocols like HTTP or  
25 SMTP, investors can directly own a stake in



1     Ripple, the value transport layer of the  
2     internet."

3           A     I see that.

4           Q     Did the company view XRP holders as  
5     having a stake in the company?

6           A     No.

7           Q     So what did -- what was -- why not?

8           A     Because the -- because the XRP is a  
9     token not a public ledger that Ripple doesn't  
10    own or control.  Ripple stockholders own  
11    literal stakes in the company.

12          Q     But they're talking about holding  
13    XRP or not Ripple's stock.

14                MR. CERESNEY:  He just gave you his  
15    understanding of the facts.  Are you asking  
16    him why this says what it says?

17          Q     No.  I mean I understand you only  
18    have ownership in Ripple, technically, if you  
19    own Ripple stock.  But they're not talk about  
20    Ripple stock here.  They're talking about the  
21    ownership -- people holding XRP.

22          A     As I understand this -- and again, I  
23    didn't write it and I didn't see it at the  
24    time.  It's hard for me to think of how  
25    someone would have understood this back in

1 2014. But as I understand this, at that time,  
2 the word Ripple was sometimes used to refer to  
3 the company and sometimes used to refer to  
4 what we now call the XRP Ledger. And I  
5 suspect that by "own a stake in Ripple" they  
6 mean to hold -- essentially being a  
7 stakeholder in the XRP Ledger.

8 Q Well, they used the word Ripple  
9 protocol in that paragraph. And it seems to  
10 me that, the way I read it, seems like they're  
11 distinguishing between Ripple the company and  
12 the protocol.

13 A That would be factually incorrect. I  
14 would hope that nobody intended it to say  
15 that. But I agree that it is badly worded.

16 Q Whether or not it's true, whether or  
17 not you think -- whether -- whatever you think  
18 it means, can we agree that it says that  
19 investors can own a stake in Ripple the  
20 company?

21 MR. CERESNEY: Hold on. Hold on.  
22 He's given you -- he's given you his  
23 understanding. This document, didn't recall  
24 seeing it at the time. He's given you what  
25 his understanding of the facts was. And he's

1 also give you how he might read this document.

2 A Let me just point out one other  
3 thing. The first sentence of that paragraph  
4 uses the word "Ripple" alone to refer to the  
5 ledger. I mean, every use of the word  
6 Ripple -- "XRP's native currency of the Ripple  
7 protocol," talking about the ledger. "It's a  
8 digital asset like Bitcoin. Most users of  
9 Ripple will continue to use their local  
10 currencies," talking about the ledger.

11 Ripple is mentioned so many times  
12 here. And every single time -- and you want  
13 to say that in the last sentence it suddenly  
14 has a different meaning, where that's  
15 factually incorrect. I don't read it that  
16 way. I will concede it could have been better  
17 worded. But I don't read it the way you do.

18 Q That's fine.

19 Going back -- so this is from 2014.

20 Does XRP fit into Ripple's business  
21 now the same way it did? The same way it's  
22 described in the document? Meaning, after  
23 this time, did Ripple use XRP to fund  
24 operations?

25 A Yes.

1 Q And did it look to XRP to provide  
2 its primary source of revenues?

3 A I would say as a factual matter,  
4 more revenue came from the XRP than other  
5 sources.

6 Q Do you want to qualify that answer?

7 A Yeah. I will say that that was --  
8 that was -- that that was a matter of concern.  
9 That that wasn't something -- that wasn't an  
10 outcome that Ripple sought to have or that  
11 Ripple was -- you know, that wasn't an outcome  
12 that we wanted. That was a source of concern.

13 Q Well, you just said -- the document  
14 says that you sought to monetize the XRP and  
15 make a profit from the XRP.

16 Why do you say that it was a source  
17 of concern or wasn't the outcome that the  
18 company wanted?

19 A There were a number of -- there were  
20 a number of factors. One of them was that we  
21 had no control over the price of XRP. And you  
22 don't want to have a revenue model that's  
23 completely outside of your control. If your  
24 entire revenue source is coming from something  
25 that's completely at the -- it's completely

1 dominated by what's going on in the  
2 cryptocurrency space, then what's your  
3 business strategy? Your business strategy is  
4 to hope the cryptocurrency space is more  
5 successful, why do you have a business?

6 So we were concerned about revenue  
7 that was under our control, revenue that was a  
8 result of your business efforts being  
9 successful. Which at that time, they were  
10 not. Although we had a large stream of revenue  
11 coming from XRP sales, that was not  
12 attributable to our business efforts. That  
13 was not attributable to our strategy.

14 Like why are we hiring all these  
15 people to do all this stuff if we can't prove  
16 that that generates some kind of revenue?  
17 Yes, we have a lot of money. We can keep the  
18 lights on and so on. But what are we doing if  
19 we are not generating value?

20 Q Did the company hire people to  
21 engage in efforts to increase demand for XRP?

22 A What time frame are we talking  
23 about?

24 Q Any time frame.

25 A I would say the company hired people



1 to -- I would say the company hired people to  
2 encourage exchanges to list XRP, to provide  
3 technical assistance to people who wanted to  
4 use XRP to be sort of ambassadors of the  
5 utility of the XRP. The goal at that time  
6 changed and was focused on things like  
7 improving liquidity or improving knowledge and  
8 understanding. But I think it's -- it's an  
9 incorrect characterization to say it was aimed  
10 around increasing demand.

11 MR. CERESNEY: We've been going for  
12 about an hour twenty-five.

13 MS. WAXMAN: We can --

14 MR. CERESNEY: When there's a good  
15 point.

16 MS. WAXMAN: We can go off the  
17 record.

18 Q But I just want to go back to the  
19 document on page seventeen and page  
20 twenty-five. Talks about increased demand for  
21 XRP. And how that would benefit XRP and  
22 benefit the company.

23 MR. ALDEROTY: Are we on or off the  
24 record?

25 MS. WAXMAN: We are on the record.

1 MR. ALDEROTY: I thought you said  
2 that we were off the record.

3 A What's your question?

4 Q Well, you said that the company was  
5 not trying to increase demand for XRP and the  
6 document that -- the document, Exhibit 72  
7 talks about how increased demand would help  
8 XRP and help the company.

9 A That's correct.

10 Q So at the time, were there efforts  
11 to increase XRP demand?

12 A As I stated previously, like there  
13 were efforts to promote adoption of the XRP  
14 Ledger and to encourage people to understand  
15 what the XRP Ledger was doing, to make people  
16 have easier access to the XRP Ledger. And I  
17 think -- but again, I don't agree with the  
18 characterization that there were attempts to  
19 increase demand. The motivation was not we  
20 need to increase demand. The motivation was  
21 we want people to be able to get use out of  
22 the ledger. We wanted people to understand  
23 what its benefits are and then adopt it.

24 Q Was there -- was the motivation to  
25 increase XRP liquidity?

1           A     Not at that time. But I think  
2     shortly after, it focused very much on  
3     liquidity. I think as soon as we understood  
4     that the strategy would be as a sort of  
5     vehicle currency for enterprise payments,  
6     which I think was sometime in 2014, 2015, it  
7     became clear that liquidity was important.

8           MS. WAXMAN: It's 12:38. Let's go  
9     off the record.

10           (A brief recess was taken.)

11                    (SEC Exhibit Nos. 75 and  
12                    76 were marked for  
13                    identification.)

14           MS. WAXMAN: It's 1:30 and we are  
15     back on the record.

16           Q     Mr. Schwartz, I'd like to show you  
17     what's been marked as Exhibit 75, which is a  
18     post dated November 12, 2017 on Quora, a  
19     series of posts on Quora on November 12, 2017.

20           (The witness examined the document.)

21           A     Yes.

22           Q     Before we broke, you stated that the  
23     company was not motivated to increase demand  
24     of XRP and that the company did not make any  
25     attempts to increase XRP demand. But if you

1 look at the second page of this document, at  
2 the very top, at the end of your post, it  
3 says -- starting from the previous page. It  
4 talks about -- it says, "After all, the reason  
5 that we are doing this is to increase demand  
6 for XRP, to increase the value we can extract  
7 from our stash of XRP."

8 A Yes.

9 Q So here, you are saying that the  
10 company did want to increase demand of XRP.

11 A No, that's not what I'm saying at  
12 all.

13 Q Why don't you explain to me what you  
14 mean by what you said.

15 A So Ripple -- Ripple -- if Ripple's  
16 strategy was let's say to sell all of its XRP  
17 immediately, the value would -- the price  
18 would have crashed to zero. Ripple held the  
19 lion's share of the supply. So they're -- if  
20 this was not about increasing demand or about  
21 increasing price.

22 This was about preserving the  
23 longevity of the ecosystem. And you notice, I  
24 chose my words, I think fairly carefully here.  
25 To increase the value we can extract from our

1 stash of XRP. You notice I didn't choose the  
2 word price and I didn't choose the word -- and  
3 what I meant was that -- that there was no way  
4 that we could monetize our XRP in any kind of  
5 short time frame.

6 Q Couldn't you preserve the longevity  
7 but also increase demand and increase price  
8 over a longer period of time?

9 A You could. And you could also  
10 preserve longevity with the price holding  
11 steady or even with the price decreasing. And  
12 all of those scenarios would produce more  
13 value for Ripple from its XRP than if you,  
14 imagine, for example, Ripple just attempted to  
15 sell it all in a short-term.

16 Q How would a price decline produce  
17 for value? That, I don't understand.

18 A No -- I understand what you are  
19 saying. So contrast two scenarios. One where  
20 Ripple tries to sell all of its XRP as quickly  
21 as possible. And one where the price  
22 gradually declines over time. Ripple could  
23 make more money from its XRP in the scenario  
24 where the price declines over time than the  
25 scenario where Ripple tries to sell all its



1 XRP immediately and the price just immediately  
2 crashes.

3 So this is not about the absolute  
4 value of the price, but it's about sort of the  
5 area under the curve. The total amount of  
6 money that Ripple could monetize from its XRP.  
7 Which price is one factor, but time is another  
8 factor.

9 Q So what you mean is that you wanted  
10 to increase demand for XRP to increase the  
11 price over a long period of time?

12 A Not so much increase the price.  
13 Because you could imagine a scenario where the  
14 price is higher, but the amount of XRP that  
15 Ripple sells is smaller. And Ripple still --  
16 but you realize it's less value. It's not as  
17 simple as a higher price is better.

18 It's -- it's sort of -- again, it  
19 the sort of total area under -- if you imagine  
20 Ripple -- if you imagine a scenario where  
21 Ripple just sort of sells its XRP stash down  
22 to zero over a long period of time, price is  
23 one factor but time is another. And the  
24 strategy -- there wasn't a strategy to  
25 maximize the price because that wouldn't

1 have -- because it was the time horizon that  
2 was the critical factor.

3 There's no way that the sales could  
4 have been accomplished in any kind of short  
5 period of time. So it was more about the  
6 longevity and the utility of the system than  
7 it was about the price directly. Because  
8 pushing the price up in the short-term,  
9 wouldn't have provided Ripple a significant  
10 that way.

11 Q I understand. But my -- I read this  
12 to say that the goal was to maximize the price  
13 over a long period of time. And I understand  
14 why you would want to do that over a long  
15 period of time. Because if you attempted to  
16 do it in a short period of time by selling  
17 massive amounts of XRP, there was a very good  
18 chance that the price would plummet. And that  
19 wouldn't benefit Ripple at all.

20 A I don't think it's fair to  
21 characterize that as trying to maximize the  
22 price. I think I've described what we were  
23 trying to do. I don't agree with your  
24 characterization.

25 Q What's the relationship between the

1 price of XRP and Ripple's -- the company's  
2 valuation?

3 A I think that -- I think they've  
4 largely been uncorrelated. There have been  
5 times where they've appeared correlated. I  
6 think one key area where they did appear to be  
7 correlated was during the bull run. During  
8 the period of time where the price of XRP was  
9 appreciating rapidly. I think other than  
10 that, they've been fairly uncorrelated. And I  
11 would specifically look at like recently where  
12 Ripple has been extremely successful. And  
13 Ripple's valuation has been doing very well,  
14 as reflected in both the secondary market in  
15 the investment round and the price of XRP  
16 hasn't -- hasn't moved significantly.

17 Q Does the company -- has the company  
18 valued itself -- has the company made  
19 statements about its own valuation based on  
20 the price of XRP?

21 A I believe the company has made  
22 statements that say that the company holds  
23 XRP. And therefore, one of the assets that the  
24 company has is its XRP. Therefore, if you  
25 look at the price of XRP as sort of a proxy

1 for the value that Ripple might extract, then  
2 that would be one element that you would use  
3 in valuating the company. But I don't think  
4 it goes beyond that.

5 MR. DANIELS: I just have one follow  
6 up question about the Quora post.

7 If you look at the original  
8 question, at the top of the first page, it's  
9 "Considering that the banks don't use XRP  
10 coins for their transactions, how can the XRP  
11 price go high even if the banks adopt the  
12 Ripple platform?"

13 It's unclear to me if they mean  
14 whether they adopt or don't adopt the Ripple  
15 platform. But from the question, they're  
16 clearly talking about the price of XRP; is  
17 that right?

18 THE WITNESS: The question is  
19 talking about the price of XRP.

20 MR. DANIELS: In your answer, you  
21 talk about how the price of XRP can be  
22 increased even if the banks aren't necessarily  
23 using it. For example, if Uber or Airbnb  
24 start holding piles of Ripple -- I'm sorry,  
25 XRP, thereby increasing the demand; is that

1 right?

2 THE WITNESS: That's true.

3 MR. DANIELS: Then in the second to  
4 last paragraph of your response, you say,  
5 "These forces could be expected to increase  
6 the price of XRP."

7 Do you see that? It's the paragraph  
8 starting "This means they'll save money by  
9 holding piles of XRP."

10 THE WITNESS: I see -- it's a little  
11 hard to read in my copy. But yes, I do see  
12 that now.

13 MR. DANIELS: So just to read that  
14 paragraph in case you can't see it.

15 "This means they'll save money by  
16 holding piles of XRP sufficient to adapt the  
17 timing of these two operation and they'll be  
18 adding to XRP demand. These forces could be  
19 expected to increase the price of XRP."

20 THE WITNESS: Yes, I do see that.

21 MR. DANIELS: Then you say, "The  
22 same logic can apply to all kinds of companies  
23 that make payments around the world."

24 THE WITNESS: Yes.

25 MR. DANIELS: Not just Uber or



1     Airbnb?

2                   THE WITNESS:   That's true.

3                   MR. DANIELS:   And then you say,  
4     "That's what Ripple is betting on.  After all,  
5     the reason we are doing this is to increase  
6     the demand for XRP.  To increase the value, we  
7     can extract marked stash of XRP."

8                   I just want to be clear, in the  
9     paragraph before, you are talking about how  
10    these companies holding large stashes of XRP,  
11    will increase the demand and thereby increase  
12    the price.

13                  THE WITNESS:   Yes.

14                  MR. DANIELS:   But in your response  
15    to Ms. Waxman, I think you were saying you  
16    weren't necessarily referring to price of XRP  
17    in the last paragraph.

18                  THE WITNESS:   This is to some  
19    extent, a response to -- as you said, this is  
20    to some extent, a response to the question.  
21    And the question was about the price.  So to  
22    some extent, I took an answer that reflects my  
23    own thinking and adapted it to be a little bit  
24    more responsive to the question.

25                  MR. DANIELS:   Okay.  So just to be

1 clear, in the last paragraph, you are  
2 saying -- you are not necessarily talking  
3 about increasing the price of XRP?

4 THE WITNESS: Yeah. I think what I  
5 tried to do here in the last paragraph is kind  
6 of tie it back to more -- I think what I'm  
7 trying to do is, I'm trying to be responsive  
8 to the question. But I'm also trying to  
9 accurately reflect my thinking. I think you  
10 can see a sort of pattern where some of it is  
11 more responsive to the question and some of it  
12 is a little bit more precise in nuance to  
13 better reflect my own thinking.

14 Q Okay. Earlier, we were talking a  
15 little bit about giveaways. And in connection  
16 with the giveaways, how much did Ripple give  
17 away? How much XRP to each individual user?

18 A I believe it initially was around  
19 50,000 XRP. And then the amounts rapidly  
20 dropped. Or dropped over time anyway.

21 Q Why did they rapidly drop?

22 A I don't know.

23 Q Why did you choose to give 50,000?

24 MR. CERESNEY: "You" being Ripple as  
25 opposed to "you" being Mr. Schwartz?

1           Q     Was it your decision how much to  
2     give?

3           A     It was not my decision.

4           Q     Whose decision was it?

5           A     I believe it was Jed McCaleb, but  
6     I'm not certain.

7           Q     Did you discuss with him what amount  
8     would be beneficial or appropriate?

9           A     I don't remember having a discussion  
10    about that.

11          Q     When did the amount that was given  
12    away rapidly drop?

13          A     So that drop from 50,000 down to, I  
14    think, around 25,000 occurred during a  
15    giveaway that we give on the BitcoinTalk  
16    Forum. That was our very first giveaway.  
17    Other than sort of informally when people just  
18    asked us for XRP so they could use the ledger.  
19    The one on the BitcoinTalk Forum was our first  
20    giveaway that was sort of planned and executed  
21    as a process. During the course of that  
22    giveaway, I don't recall -- I don't recall  
23    where that was. But the forum threading which  
24    that took place is easily accessible.

25          Q     So the company's first giveaway

1 occurred through Bitcoin's talk forum?

2 A That's correct.

3 Q They gave away 25,000 XRP per give  
4 away?

5 A I believe it started at 50,000 and  
6 then dropped to 25,000. It may have dropped a  
7 little bit more. After that, I don't recall.

8 Q So I was -- I'm a little confused.

9 The one on BitcoinTalk, it started  
10 at 50?

11 A That's correct.

12 Q Then it quickly dropped to 25?

13 A I think so. I think participation  
14 was greater than we had anticipated. Or --  
15 I'm not really sure.

16 Q Any other reason?

17 A Not that I know of.

18 Q Was it because XRP started to have  
19 value and people were trading XRP?

20 A I don't think there was that at that  
21 time. But it might have been that people  
22 anticipating that, were sort of getting other  
23 people to participate in the giveaway for  
24 them. That there was people who anticipated  
25 that it might have future value or future

1 utility or something like that, who were then  
2 getting other people to participate in the  
3 giveaway. But I don't recall if that was a  
4 concern that early specifically.

5 Q Was there a concern at some point  
6 that people were scamming the giveaway?

7 A There certainly -- that certainly  
8 became a concern later. But I don't think  
9 that was a concern that early.

10 Q I want to show you what's been  
11 marked as Exhibit 76, which is a thread from  
12 the Bitcoin Forum in 2017. And the part that  
13 talks about giveaways is on page twenty-eight.  
14 At the bottom of the page, they're numbered.

15 MR. CERESNEY: Twenty-eight?

16 MS. WAXMAN: Twenty-eight.

17 A This reflect -- this refreshes my  
18 recollection.

19 Q Oh, good.

20 MR. CERESNEY: Perhaps next time you  
21 can show it to him before he speculates.

22 THE WITNESS: It's okay. I just  
23 love randomly speculating.

24 MR. CERESNEY: Yeah. Let's not do  
25 that. Okay?



1 MS. WAXMAN: We'll both be cognizant  
2 of that going forward.

3 (The witness examined the document.)

4 THE WITNESS: Okay.

5 Q Do you recall a significant fraction  
6 of giveaways going to scammers?

7 A I think it was our concern that that  
8 was happening. I don't -- I don't know that  
9 that was what happened with that first  
10 BitcoinTalk giveaway. But that was definitely  
11 a concern with the way giveaways were  
12 operating.

13 Q If the value of XRP at the time was  
14 so low, why didn't you give away more XRP as  
15 part of these giveaways?

16 A Whatever amount we had picked, you  
17 could ask that same question. There was no --  
18 there was no baseline to compare it to. You  
19 could also ask why didn't we give away less.  
20 To my understanding, the number was just  
21 picked just because it sounded good. There  
22 was no particular basis for the number. There  
23 was no sort of economic justification for the  
24 number, so far as I know.

25 Q Was the gateway strategy successful?

1 MR. CERESNEY: Give away.

2 A I would say it was -- it was --

3 MS. WAXMAN: Giveaway. Thank you.

4 THE WITNESS: Sorry. The giveaway  
5 strategy?

6 MR. CERESNEY: We'll get to the  
7 gateway strategy?

8 A I would say it was initially  
9 successful. And then over time, it became no  
10 longer practical. Specifically because as  
11 the -- as there became more of a plausible  
12 possibility that the token would have an  
13 economic value, there was more of an incentive  
14 to gain the giveaway. I think the early  
15 giveaways were fairly successful. And the  
16 later ones, much less so.

17 Q At the point that the token became  
18 valuable, it became less successful?

19 A Correct.

20 Q If you turn to page twenty-one --

21 MR. CERESNEY: Just to be clear,  
22 less -- when you say, "valuable," it still was  
23 worth -- it would be even more valuable for  
24 purchase.

25 MS. WAXMAN: Yes.

1 MR. CERESNEY: Is that fair?

2 THE WITNESS: Unfortunately, the  
3 cost to gain the giveaways is quite low. Even  
4 sub-penny prices.

5 MR. CERESNEY: What page?

6 MS. WAXMAN: Twenty-one. Post  
7 number forty-seven.

8 (The witness examined the document.)

9 A Yes.

10 Q In this post, you talk about why a  
11 higher price is important for the company.

12 MR. CERESNEY: I think it says,  
13 "helps us in several important ways." As  
14 opposed to is important for the company.

15 Q I'll read it. Says the question is  
16 "Somehow, it seems to me based on your  
17 business model, that you'd rather prefer the  
18 price to remain stable." Then you write,  
19 "Stable is definitely better than volatile,  
20 even with some net increase. But a higher  
21 price helps us in several important ways.  
22 One, a higher price means we can sell XRP for  
23 more money and then increase our funding.  
24 Two, a higher price will be perceived as  
25 success. Perceived success helps drive

1 adoption. Three, you can't use XRP to bridge  
2 a million-dollar transaction today because you  
3 take huge losses from moving the price. We  
4 want XRP to bridge large transactions."

5 A Yes. I did say -- I wrote that.

6 Q Why did you -- why did you say, "a  
7 higher price will be perceived as success"?

8 A It was my belief at the time that  
9 people judged the success of cryptocurrency  
10 projects based on the price of their token. I  
11 don't think that's an accurate way to judge  
12 their success. But it was simply a fact that  
13 people judged the projects that way.

14 MR. DANIELS: Sorry. Just to be  
15 clear, when you say, "perceived as success,"  
16 you mean success for Ripple?

17 THE WITNESS: No. I -- well --  
18 honestly, I'm not clear -- I'm not precisely  
19 clear what I -- are you asking what I mean  
20 here or just what my assessment is of what the  
21 situation was at that time?

22 MR. DANIELS: I think what you meant  
23 here. And then also, the way you just  
24 described it. You said people perceived a  
25 success of the project based on the price of

1 its token.

2 THE WITNESS: I think what I meant  
3 here was the success of the XRP Ledger as a  
4 project. But I do think at that time it was  
5 also a fact whether -- whether valid or not  
6 that some people did judge -- did use the  
7 price of XRP as sort of a proxy for the  
8 success of Ripple as a company. Whether they  
9 should have or shouldn't have, I do think it  
10 is a fact that that was going on at that time.

11 Q Also, under number one, "The more  
12 money you could extract from XRP sales would  
13 lead to more funding for Ripple Labs."

14 A Yeah. This is more of a sort of a  
15 short-term argument.

16 Q Can you explain what you mean.

17 A So the revenue that we get from XRP  
18 depends on the short-term price. Like, you  
19 know, from -- from time period to time period.

20 Q If you look at page nineteen --

21 MR. CERESNEY: Which one here?

22 Q At the very bottom, number  
23 forty-three. The last paragraph, you  
24 distinguish -- you talk about "The difference  
25 between XRP and many other assets."



1           A     You're talking about the last  
2 paragraph?

3           Q     Yeah. The last paragraph on page --  
4 on the bottom of nineteen. Starting with "On  
5 the other hand, we do hold an awful lot of  
6 XRP."

7           A     Yes. yes.

8           Q     In your opinion, what was the  
9 difference, the big difference, between XRP  
10 and other assets?

11          A     The -- the difference at that time  
12 between -- well, there were a number. But the  
13 one I was highlighting here was that there  
14 was -- there was an entity that held a  
15 significant amount of XRP that it didn't have  
16 to expend funds to acquire.

17          Q     You are talking about Ripple Labs?

18          A     Yes.

19          Q     What did you mean by "we will -- we  
20 will be good stewards"?

21               MS. WAXMAN: Bless you.

22               MR. CERESNEY: Thank you.

23          A     I think I was primarily talking  
24 about the risk that we could crash the market  
25 selling a huge amount in a short period of

1 time. But I think I also meant that we would  
2 continue to participate in the ecosystem.

3 Q What were you talking about when you  
4 talked about the plans to build demand?

5 A I think I was talking about  
6 everything that we were doing at the time.  
7 Which would have included the RippleNet  
8 strategy, and so on.

9 Q Does that include efforts by the  
10 company to increase XRP liquidity?

11 A I think it would have included  
12 everything the company was doing at the time.

13 Q And what did you say -- what did --  
14 how would these things that Ripple was doing  
15 effect the price of XRP?

16 A I think what I'm suggesting here is  
17 that if the XRP has more utility and more  
18 people are aware of the utility and more  
19 people are using the XRP Ledger, that will  
20 generate demand that will affect the price.

21 Q But isn't that the case for every  
22 other digital asset and every other public  
23 ledger? How does -- how does Ripple's  
24 involvement distinguish XRP from other assets?

25 MR. CERESNEY: According to this

1 post?

2 A I don't know -- I don't know that  
3 I'm saying here that -- I don't know that I'm  
4 saying here that that specifically  
5 distinguishes I it. This post is, at least to  
6 some extent, about what makes XRP different  
7 from other public assets.

8 But I don't know that this paragraph  
9 is specifically -- this is more about -- more  
10 about Ripple's relationship to the XRP  
11 ecosystem than specifically contrasting XRP  
12 with other -- with other cryptocurrency  
13 projects. I think there are participants in  
14 other cryptocurrency projects that hold large  
15 amounts of the token or in other ways have  
16 businesses that are connected with the  
17 operation of that project. I don't think I'm  
18 saying that's unique.

19 Q Ripple's relationship with the  
20 ecosystem and its relationship to the XRP, are  
21 those different?

22 A I think you could describe them as  
23 different things.

24 Q How?

25 A Ripple's relationship to the XRP is

1     that Ripple holds a lot of the XRP. Whereas  
2     Ripple's relationship to the ecosystem is that  
3     Ripple produces software that people use. And  
4     Ripple provides technical support for people  
5     who are building on top of the XRP Ledger.  
6     Documentation. The posts that I make to  
7     forums. Those kinds of things, I think, would  
8     fall more under the relationship to the  
9     ecosystem.

10        Q     Is it true that the more people who  
11     participate in the ecosystem and use XRP, the  
12     more demand there is and that benefits Ripple?

13        A     You can make that argument  
14     intellectually. I can't tell you that that  
15     argument is not true. But the paradoxical  
16     thing is that the actual evidence, the  
17     observational evidence we have, suggests that  
18     that's not true.

19                It suggests instead that the price  
20     of digital assets, like XRP, is essentially  
21     exclusively based on perceptions of the  
22     sector. You would think that that would be  
23     true, and it's sort of a rational argument.  
24     But the evidence seems to suggest that the  
25     market doesn't perceive projects that way.

1 The market sort of perceives individual  
2 digital assets as part of a sector. And  
3 doesn't distinguish at that level.

4 Q Two questions, what data are you  
5 talking about?

6 A Well, one example would be the  
7 correlation of the prices of the digital  
8 assets. For example, during the bull run,  
9 during the big appreciation of the price,  
10 Bitcoin went up, the price of Ethereum went  
11 up, the price of XRP went up. And there  
12 wasn't any -- those were huge moves in prices  
13 by enormous factors that didn't seem to  
14 correlate to anything that was going on in  
15 those specific projects.

16 And then as the dropped, all the  
17 assets tended to move in tandem. There isn't  
18 really good evidence other than, you know,  
19 specific outlier -- like a small number of  
20 specific outlier events where something  
21 tremendously drastic happens.

22 There doesn't seem to be evidence  
23 that price is driven by those sort of  
24 traditional factors that you would reasonably  
25 expect price to be driven by. It just doesn't



1     seem that the market is operating that way at  
2     this time. At least not from the data that  
3     I've looked at.

4           Q     Did people at Ripple believe that  
5     certain events, Ripple related events,  
6     caused -- had caused XRP's price to increase  
7     at times?

8           A     No, we believed the opposite. We  
9     were looking -- we were specifically looking  
10    for evidence that would suggest that and  
11    weren't able to find it.

12          Q     Were there any instances? For  
13    example, the escrow announcement, did that  
14    have a positive increase on XRP's price?

15          A     I don't remember the specific  
16    incidents. I do remember there was one  
17    incident where something -- there was some XRP  
18    related news or Ripple related news, and then  
19    there was a price increase. That's one event  
20    correlated in time. We were looking for a  
21    pattern. I believe there was one event that  
22    that did appear to happen. But because it's  
23    only one event, it's hard to say whether  
24    that's cause and effect or just  
25    contemporaneous.

1           Q     Were there -- I think you went to  
2     say was an outlier. But are there -- could  
3     there have been more instances where news  
4     affected the price?

5           A     Not that we were aware of, where  
6     news let's say related to something that  
7     Ripple had done, had impacted the price of  
8     XRP.

9           Q     I want to be even more specific.  
10                News related to not just Ripple or  
11     RippleNet, but news related to XRP.

12          A     One instance that I can think of was  
13     the coin based listing announcement. But I  
14     think that -- I think -- I'm trying to  
15     remember of whether that was an instance where  
16     there was an effect or there was not an  
17     effect. I don't remember specifically. But I  
18     remember we were looking at the data to try to  
19     see whether we could find those kinds of  
20     correlations. And we could not find a  
21     consistent pattern. But I believe there was  
22     at least one incident where there was a  
23     contemporaneous. That doesn't establish cause  
24     and effect.

25          Q     Was it the goal for XRP to

1 distinguish itself among other digital assets?

2 MR. CERESNEY: When you say, "was it  
3 the goal," at what point and whose goal?

4 Q Was -- did the company and  
5 especially -- were there statements made in  
6 XRP markets reports where the company was  
7 saying at some point, you know, the XRP is  
8 going to distinguish itself. It's not going  
9 to move in the same trend as other digital  
10 assets?

11 A I think we anticipated at some point  
12 in the future that the assets would stop  
13 correlating. That at some point, the market  
14 would look at the differences between the  
15 projects and that that would be reflected.  
16 But you know, that was totally speculative.  
17 And there's no evidence that it's happened.

18 Q Did the company stay state at  
19 certain times that XRP did -- was -- XRP's  
20 price was independent? Did they -- did the  
21 company make those sorts of statements in XRP  
22 markets reports?

23 A I don't recall any such statements.

24 Q Well, I disagree that XRP price was  
25 totally independent of Ripple related news.

1 Especially news that had to do with XRP, as  
2 opposed to news that just had to do with  
3 RippleNet and non-XRP products.

4 MR. CERESNEY: Is there a question?

5 A I mean, I'm not an expert --

6 MR. CERESNEY: I don't think there's  
7 a question pending. That's why I asked.

8 MR. DANIELS: While you are  
9 thinking, I just have a question because I'm  
10 curious.

11 Why were you doing the analysis as  
12 to whether the price of XRP moved based on  
13 Ripple specific announcements?

14 THE WITNESS: It was -- it was an  
15 important question for us to have the answer  
16 to. There wasn't -- there wasn't any  
17 specific -- there wasn't any specific reason  
18 for it.

19 MR. DANIELS: Why was it an  
20 important question?

21 THE WITNESS: It's just one of the  
22 fundamental questions about what was going on  
23 in the business, in the market sector of the  
24 business in which we were operating. We kind  
25 of -- we wanted to understand what was going

1 on.

2 MS. WAXMAN: You can hold on to that  
3 for now.

4 (SEC Exhibit No. 77 was  
5 marked for  
6 identification.)

7 Q I'm showing you what's been marked  
8 as Exhibit 77. Which is a post on Quora, by  
9 you. Dated January 9, 2020.

10 A Thank you.

11 (The witness examined the document.)

12 A Yes. Pretty recent.

13 Q The second paragraph talks about the  
14 original strategy to give XRP away. And then  
15 second sentence says, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

19 This is what we talked about  
20 earlier, correct?

21 A Mm-hmm. Yes.

22 Q Earlier today, we spoke about who  
23 created the wallet that held the XRP. And you  
24 said Jed, correct?

25 A Yes.



1           Q     We spoke about how the ledger was  
2     reset several times.

3           A     Yes.

4           Q     We spoke about who had the ability  
5     to remove -- to transfer funds out of the  
6     wallet.

7           A     Mm-hmm.

8           Q     Was there any agreement about who  
9     held the rights to the XRP in the wallet?

10          A     I -- I subsequently found out that  
11     there was an agreement between Jed, Chris and  
12     Arthur about that. The so-called ledger  
13     agreement.

14          Q     And how did -- I'll show it to you.  
15                 (The witness examined the document.)

16          A     Yeah, that looks like it.

17          Q     It's very hard to read. I  
18     apologize.

19                         (SEC Exhibit No. 78 was  
20                         marked for  
21                         identification.)

22          Q     I'm showing you what's been marked  
23     as Exhibit 78, which is an agreement titled  
24     "Agreement with Arthur Britto." Dated  
25     September 17, 2012.

1 (The witness examined the document.)

2 A Yes.

3 Q Is this the agreement you were  
4 referring to?

5 A Yes.

6 Q What was the agreement?

7 A The agreement states that the  
8 founders would divide the tokens among  
9 themselves with a -- with a -- it's kind of  
10 hard to read. But they'd have a specific  
11 split. And then each one of them would give  
12 eighty percent that they had taken to the  
13 company -- back to the company or to the  
14 company.

15 Q So they would return back the tokens  
16 to the company. Does that mean that --

17 A Let me -- let me rephrase that. I  
18 don't mean that they would return it. I mean  
19 that they would place it back -- they would  
20 take it out of one account and then -- there  
21 was sort of an unarmored account, and put it  
22 into an account that was owned by the company.

23 Q Who did the original tokens belong  
24 to?

25 A I -- it's difficult to -- to make

1 the concept of ownership fit to something like  
2 that. I don't think there's a way to answer  
3 that question.

4 Q The company has stated that they  
5 were gifted the XRP. Is that true?

6 A Yes.

7 Q Why is that true?

8 A Each of the founders gifted the  
9 company eighty percent of the XRP that they  
10 took out of that Genesis account.

11 Q When was the Genesis account -- when  
12 was the XRP that they took deposited into that  
13 Genesis account?

14 A That would have happened each time  
15 Jed launched the software.

16 Q So in order to effectuate the  
17 agreement, they had to reset?

18 A I don't know whether they did it  
19 themselves or whether they had -- they had a  
20 sort of automated process that would do it. I  
21 know they had the capability to do it in an  
22 automated way. Essentially what the system  
23 would do is, it would take a snapshot of the  
24 ledger. And then it would change the sort of  
25 format in which that data was stored, and then

1 it would continue running on the new format  
2 with the same data.

3 Q But the hundred billion had to have  
4 previously existed before this agreement?

5 A I believe -- I believe it did, but  
6 it didn't necessarily have to. I guess they  
7 must have been after they made the decision  
8 that a hundred billion would be the number of  
9 units. And it may be that they did this after  
10 they had done the division. And the concern I  
11 think was if somebody sort of threw away the  
12 agreed ledger and created a new ledger, they  
13 might not respect the original distribution.  
14 I believe that was the concern behind this.  
15 But I wasn't a part of that process and I  
16 didn't draft it, so I can only infer based on  
17 what it says.

18 MR. CERESNEY: It does say that it's  
19 anticipated -- a hundred billion credit shall  
20 be -- suggests --

21 THE WITNESS: That it hadn't been  
22 yet.

23 MR. CERESNEY: Hadn't been done yet.

24 THE WITNESS: Yeah. I don't know  
25 for sure. Again, I wasn't part of this

1 process. I only saw this document when it  
2 became public.

3 Q Were you involved in discussions  
4 about what the agreement says about the  
5 division?

6 A No.

7 Q And the distribution?

8 A I was not.

9 Q Going back to the original question,  
10 who did the XRP belong to when it was created?

11 A I don't know that that's a  
12 meaningful question to answer. It's -- it  
13 doesn't fit the concept -- the concept of  
14 ownership doesn't fit what was happening at  
15 the time well.

16 Q So why is everybody so -- why is --  
17 if -- why is Ripple publicly stating "We were  
18 gifted XRP"? Why is that significant?

19 A Are you asking why it's significant  
20 now or why would they have done what they did  
21 at this time if there was no -- if they didn't  
22 anticipate that it would be significant later?  
23 I'm not quite sure I understand.

24 Q Why --

25 MR. CERESNEY: Do you have a



1 document where that's said? Because if you  
2 show him, that that might help him.

3 MS. WAXMAN: I do.

4 MR. CERESNEY: I think that's  
5 probably the better way to get at this.  
6 Because I don't know if he understands the  
7 context in which that was said, and I worry  
8 he's just speculating.

9 MS. WAXMAN: Okay.

10 Q So just going back to the agreement,  
11 the agreement was that XRP would be  
12 distributed among Chris, Jed and Arthur.

13 A Correct.

14 Q And who -- how much would each of  
15 them get?

16 A My understanding was that after  
17 the -- after the eighty percent was gifted to  
18 the company, Jed would wind up -- Jed and  
19 Chris would wind holding -- I think holding  
20 nine percent each and Arthur would wind  
21 up holding two percent.

22 MR. CERESNEY: Is that your  
23 understanding or is that what this -- because  
24 this agreement seems to only cover the Britto  
25 portion.

1 THE WITNESS: Yeah, that was my  
2 understanding. This document doesn't seem to  
3 reflect that. That might have been a separate  
4 agreement or not. I don't know.

5 (SEC Exhibit No. 79 was  
6 marked for  
7 identification.)

8 Q I'm showing you what's been marked  
9 as Exhibit number 79, which is a copy of  
10 Ripple's Q4 2019 XRP markets reports.

11 (The witness examined the document.)

12 A Is there a specific section you want  
13 to call my attention to?

14 Q Yeah, just give me a second.

15 A Sure.

16 Q I want to find my --

17 If you look at the very first page  
18 under "XRP timeline" --

19 A Yes.

20 Q At the very end, it says, "In  
21 September 2012, Ripple was founded and was  
22 gifted a portion of this XRP." It starts out,  
23 it says, "In June 2012, a hundred billion  
24 units of XRP were created, with the  
25 stipulation that no more XRP will ever be

1 created. Later that year, in September 2012,  
2 Ripple was founded and was gifted a portion of  
3 this XRP."

4 A Yes.

5 Q Who gifted the XRP to Ripple?

6 A That would have been Arthur Britto,  
7 Jed McCaleb and Chris Larsen.

8 Q But earlier, you said you weren't  
9 sure who was actually entitled to the XRP when  
10 it was created, correct?

11 A It's -- it's not that I know  
12 precisely what it means to be entitled and  
13 wasn't sure who that was. It that the concept  
14 of ownership entitlement doesn't apply well to  
15 that -- to that -- this particular -- it's a  
16 unique context where you would fire up some  
17 software and then these tokens would just  
18 exist. And then you might just stop, you  
19 might just shut the software down. And like  
20 if you say -- well, let's say I was employed  
21 by a company and I fired up the XRP Ledger  
22 software and it created a token and then I  
23 shut it down, that would be like -- like if  
24 you say the company was entitled to those  
25 tokens, it would be like I was destroying some

1 property of the company, which doesn't -- that  
2 concept doesn't really apply well at that  
3 time.

4 Q But if you close the software, do  
5 the tokens cease to exist?

6 A Yes.

7 Q Are they burned?

8 A They don't exist anymore. But  
9 someone could pick them back up. Someone  
10 could launch the software again and then they  
11 would return into existence.

12 Q Aren't there multiple versions of  
13 the software renning all over the world? So  
14 even though your version is closed, couldn't  
15 there -- I mean, the tokens could exist on  
16 someone else's computer and someone else who  
17 is running that software?

18 A Or they might not. And so to try to  
19 talk about the concept of ownership when there  
20 might be someone who could continue it or  
21 there might not, it just doesn't fit -- it  
22 doesn't fit well. I can describe to you the  
23 facts and circumstances, but I'm hesitant to  
24 characterize it as ownership because that  
25 carries a lot of meaning that doesn't really

1     apply to this situation.

2           Q     How would you characterize the  
3     relationship between the XRP created and the  
4     people who created it?

5           A     I would say that the people who  
6     created it, launched the software. And then  
7     they had these tokens that they could do  
8     whatever they want with or they could discard.  
9     And if somebody else copied that ledger, then  
10    they would continue to exist. And if nobody  
11    did, then they wouldn't. They were for  
12    ephemeral at the time.

13          Q     When people created the tokens, were  
14    they in discussions about forming Open Coin?

15          A     I know -- I know at approximately  
16    the same time period as -- I think those two  
17    conversations were going on at substantially  
18    the same time period. And they were the same  
19    people, so there was probably overlap.

20          Q     You can say that either it was Open  
21    Coin who created it or individuals acting on  
22    behalf of Open Coin had created the XRP?

23          A     You could say Jed created it on his  
24    own behalf.

25          Q     I want to know what your opinion is.



1           Was it individuals acting on behalf  
2           of Open Coin, was it Jed individually in his  
3           individual capacity who created XRP?

4           MR. CERESNEY: Hold on. I thought  
5           the testimony earlier today was XRP was  
6           created before Open Coin was created as a  
7           company and then the company was created. And  
8           then after that, the first ledger was  
9           created -- the first sort of version of the  
10          ledger was --

11          MS. WAXMAN: Became public.

12          MR. CERESNEY: Became public. I  
13          want to make sure we have our chronology  
14          straight because you're kind of blending it  
15          together. When you're asking these questions,  
16          you're sort of bending the Open Coin with the  
17          XRP. I just want to make sure we are clear in  
18          the questioning because I want the record to  
19          be clear.

20          A     Jed operated a cluster of servers  
21          prior to the company being formed. On which  
22          the -- sort of as close to live as we had at  
23          the time. Which was -- as close to live as we  
24          had at the time on which that ledger ran.

25          Q     Why does it matter who created XRP?